

## Balancing Act

An upside surprise to the June employment report last week tempered expectations that the Federal Reserve would be reducing short-term interest rate at the July [FOMC](#) meeting. The Labor Department reported that Non-Farm Payrolls increased by 224,000 in June versus an expectation of 160,000. This was a sharp reversal from May's disappointing jobs report that raised expectations of a rate cut.

The [Dovish](#) posture of the Federal Reserve had been in reaction to uncertainty caused by international trade issues and their impact on economic growth. We may get some insight into what the Federal Reserve is thinking this week. Fed Chairman Jerome Powell is giving the keynote address at the Federal Reserve Conference in Boston on Tuesday and then testifies to the House Financial Services Committee on Wednesday and Senate Banking Committee on Thursday. Additionally, the minutes of the June FOMC meeting will be released on Wednesday.

Investor focus should start to shift to quarterly earnings reports. A few big companies, to include PepsiCo and Delta Airlines, report this week and the earnings calendar is full the following week with most of the major banks and other large companies reporting. The current consensus expectation is for S&P 500 companies to report flat earnings year-over-year and for revenue to grow 3.4% year-over-year. We will update the progress of earnings over the next few weeks.

## Financial Market Update

	<u>Weekly Return</u>	<u>YTD Return</u>		<u>Weekly Return</u>	<u>YTD Return</u>
S&P 500 Index	1.7%	19.3%	International Stocks (MSCI ex-US)	0.6%	12.1%
Dow Jones Industrial Average	1.3%	15.4%	Aggregate Bond Index	0.0%	4.3%
NASDAQ 100	2.3%	23.9%	U.S. Dollar Index	1.2%	1.0%
Russell 2000 (Small Cap Index)	0.6%	16.8%	WTI Crude Oil	-1.6%	26.6%

Sources: S&P Global, Thomson Reuters

## Dissecting Headlines: Consensus Earnings Estimates

A headline from April 24th stated "Microsoft reports \$1.14 earnings versus \$1.00 consensus." Who is consensus and why does it matter?

Part of investors' view if a company has had a good or bad quarterly earnings report is how the earnings compare to consensus estimates. Most major banks and brokerage firms have research analysts that publish their estimates for companies in different industries. These estimates are collected by market data providers and consensus estimates are published. These are the benchmarks that news services use to compare how a company's earnings compare to what was expected.

For large companies there are 25 or more analysts contributing to the consensus estimate, so the consensus number is a reasonable view of what a large group of analysts think. For smaller companies, there may be only one or two analysts, so the consensus may be an average of two disparate views.

The consensus estimates for all the stocks in the S&P 500 Index are rolled up into expectations for the Index that we mentioned at the top of this report.

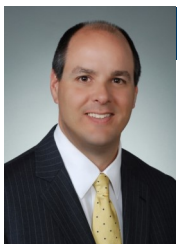
Disclaimer: Both Microsoft and PepsiCo are owned in the NovaPoint Dividend Growth Strategy.

## The NovaPoint Capital Team



**Joseph Sroka, CFA, CMT / Chief Investment Officer / [jsroka@novapointcapital.com](mailto:jsroka@novapointcapital.com)**

Joe has over 20 years of experience in the investment management industry. Prior to founding NovaPoint, he was a portfolio manager at Spectrum Advisory Services and GMT Capital in Atlanta, and Epoch Investment Partners in New York. He has also worked as an equity research analyst at Merrill Lynch and ABN Amro. Before beginning his investment career, Joe was an Infantry officer in the U.S. Army. Joe holds a BS from the U.S. Military Academy at West Point and an MBA from the University of Chicago. He is both a Chartered Financial Analyst (CFA) and a Chartered Market Technician (CMT).



**Alan J. Conner, CPFA / President and Chief Compliance Officer / [aconner@novapointcapital.com](mailto:aconner@novapointcapital.com)**

Alan has over 20 years of experience in the investment management industry. Prior to founding NovaPoint, he was a fixed income manager at both Spectrum Advisory Services and a private family office. Alan was also with the Bank Group division of Countrywide Capital Markets where he developed balance sheet strategies for depository institutions. He holds a BS in Banking and an MBA in Finance from Nova Southeastern University. Alan is Certified Plan Fiduciary Adviser (CPFA) and an endurance athlete and three-time IRONMAN finisher.



**Jeffery Wright, CFA / Managing Director & Portfolio Manager / [jwright@novapointcapital.com](mailto:jwright@novapointcapital.com)**

Jeff has 9 years of industry experience. Prior to joining NovaPoint, Jeff was a Vice President in the Private Banking and Investment Group at Merrill Lynch. Jeff also worked at Booz Allen Hamilton and the Department of Defense. Prior to his private sector career, Jeff was a Field Artillery officer in the U.S. Army. He holds a BA from the University of Texas and an MBA from the University of Maryland. Jeff is Chartered Financial Analyst (CFA).



**Frederick Wright, CFA / Managing Director & Portfolio Manager / [fwright@novapointcapital.com](mailto:fwright@novapointcapital.com)**

Frederick has over 25 years of experience in the investment management industry. Prior to joining NovaPoint, Frederick was a Partner and Investment Advisor at Brightworth where he advised high net worth investors. Frederick began his investment career in 1991 and has also worked at Balentine & Co, Wright Investment Management, and Smith Howard Wealth Management. Prior to beginning his investment career, Frederick served as an Engineer officer in the United States Army. He holds a BS from the U.S. Military Academy at West Point and an MBA from Emory University. Frederick is a Chartered Financial Analyst (CFA).

**NovaPoint Capital LLC** (referred to herein as "NovaPoint" or "the Company") is registered with the State of Georgia as an investment adviser, but registration does not imply any certain level of skill or training. The information contained in this document has not been filed with, reviewed by or approved by any regulatory or self-regulatory authority.

**Not an offer of advisory services or securities:** This document is limited to the dissemination of general information about the services provided by the Company and is provided for informational purposes only. This document is intended for residents of the United States only and the information contained herein does not constitute and should not be construed as an offering of advisory services or an offer to sell or solicitation to buy any securities or other financial instruments in any jurisdiction in which such offer or solicitation, purchase or sale would be unlawful under the securities, or other applicable laws of such jurisdiction. Nothing contained in this document constitutes tax, legal or investment advice. Responses to any inquiry which may involve the rendering of personalized investment advice for compensation or effecting or attempting to effect transactions in securities will not be made absent compliance with state broker-dealer, investment adviser, broker-dealer agent or investment adviser representative registration requirements, or applicable exemptions or exclusions from such requirements.

**Investment risk:** The Company makes no representation, and it should not be assumed, that past investment performance is any indication of future results. Moreover, wherever there is the potential for profit there also is the possibility of loss. Certain of the Company's strategies may involve investments that are illiquid, are subject to a substantial risk of loss and are not suitable for certain investors.

**Limitation of liability:** While the Company uses reasonable efforts to include accurate and up-to-date information in this document, errors or omissions sometimes occur. The Company makes no warranties or representations as to the accuracy of this document. Opinions expressed herein are subject to change without notice. Under no circumstances shall the Company or any party involved in creating, producing, or delivering this document be liable for any direct, incidental, consequential, indirect, or punitive damages that result from the use of the information contained in this document, even if the Company's authorized representative has been advised of the possibility of such damages. Applicable law may not allow the limitation or exclusion of liability or incidental or consequential damages, so the above limitation or exclusion may not apply to you.

**Trademarks and copyrights:** All trademarks, service marks, trade names, logos, and icons are proprietary to the Company. Nothing contained in this document should be construed as granting, by implication, estoppel, or otherwise, any license or right to use any trademark displayed in this document without the prior written permission of the Company or such third party that may own the trademarks displayed in this document. Your use of the trademarks displayed in this document, or any other content in this document, except as provided herein, is strictly prohibited.